

CARES Act Summary (Coronavirus Aid, Relief, and Economic Security Act)

Signed on March 27, 2020

Total = \$2 trillion

Note: This is a high level summary. Please reference the direct language of the Act for specific questions.

Delayed Payroll Tax (Division A, Title II, Subtitle C)

- Have to keep employees working.
- Not eligible for this if you take a small business loan.
- Payments due in 2021 and 2022.

Distilleries (Division A, Title II, Subtitle C, Sec. 2308)

- Temporary tax exemptions from an excise tax for alcohol they use to make hand sanitizer (must meet FDA guidelines).

Farmers (Division B, Title I)

- \$24 billion. Emergency aid and grants administered by USDA.

Fisheries (Division B, Title II, Sec. 12005)

- \$300 million to assist fisheries and aquaculture operators who are not covered by agricultural disaster assistance programs.
- Available until September 30, 2021.

Funding for States (Division A, Title V)

- AK = 1.25 billion (will be distributed within 30 days of enactment).
- Timeframe = March 1 – December 30, 2020.
- *Note: Funding for “local governments” included in bill, but this applies to communities over 500,000.

Health Care (Division A, Title III, Subtitle A, D, E, and F)

- \$100 billion.
- 20% increase in Medicare payments for treatment of patients with Covid-19.
- Testing and vaccines for Covid-19 must be covered by private insurance, no cost sharing.
- Additional funding to health care providers and hospitals for provision of Covid-19 treatment.
- Expansion of telehealth programs.
- Addresses the need to stockpile drugs, PPEs, medical devices, etc. And to work on countermeasures.
- Limits liability for volunteer health care providers who assists with Covid-19 response.
- Programs for workforce development in the area of health care.

Housing Protections (Division A, Title IV)

- Moratorium on evictions – federally backed mortgages, rural housing vouchers.
- Forbearance on mortgage payments for certain federally backed loans.

Modifications to the FFCR Act, Enacted March 18, 2020 (Division A, Title III, Subtitle C)

- Employees laid off after March 1, 2020 and then subsequently rehired are eligible for the benefits in the FFCR Act.
- Additional funds to federal agencies to reimburse federal contractors who cannot work and cannot do their job remotely/telework.

Payments to Individuals (Division A, Title II, , Subtitle B, Sec. 2020)

- Phases out as income increases.
- Based on individual or joint filing, head of household, and children or no children.
- Baseline is \$1200 per person (\$2400 joint-filers); \$500 per child.
- Reduced at \$75,000 individual; 112,500 head of household; 150,000 joint.
- Eliminated at \$99,000 individual; \$198,000 joint.
- AGI is based on 2018 or 2019 filing. *People who receive Social Security and don't file tax returns will have their check based on their social security amounts.
- Will take 3 weeks for checks to be distributed, may be faster if taxes filed online.

Retirement Accounts (Division A, Title II, Subtitle B, Sec. 2202)

- Provision allowing for penalty-free withdrawals.
- Required minimum distributions from some retirement accounts waived.

Rural Development (Division B, Title I)

- 20.5 million for rural business development programs.

Small Business Loans and Grants (Division A, Title I)

- \$10 billion for grants to cover immediate operating costs.
- \$350 billion to Small Business Administrations for Paycheck Protection Program loans intended to assist businesses to maintain payroll, benefits, mortgages, rents, utilities, etc.
 - SBA to issue regs within 15 days. Guidance for credit lenders to be issued in 15-30 days.
 - No fees to apply; no personal guarantee required; no collateral required.
 - Available for small and hospitality business with fewer than 500 employees, sole-proprietors, independent contractors, and self-employed individuals.
 - Retroactive to February 15, 2020 and available till June 30, 2020.
 - 6 weeks of payroll, capped at 1540/week/employee.
 - Have to keep employees working.
 - Max loan amount set depending on which loan an employer receives. Some loan forgiveness is available.
 - \$17 billion to cover six months of payments for small businesses already using SBA loans.

SNAP Benefits, Etc. (Division B, Title I)

- \$25 billion for food assistance.
- \$16 billion for SNAP.
- \$9 billion for child nutrition.
- \$900 million for low income household heating and cooling assistance.

Transportation (Division A, Title IV)

- Airlines, Airports, Transit, Railroads.
- Airports will receive formula grants to maintain operations.
- TSA will receive additional support for response and PPE.
- \$58 billion (\$29 in grants and \$29 in loans).
- Conditions included: no stock buybacks, limits on executive compensation, and requirements for the continuation of wages/salaries/benefits.

Tribal Governments (Division A, Title V)

- \$8 billion in available funds.

Unemployment Benefits (Division A, Title II)

- Each state will enter into an agreement with US DOL.
- Temporary Pandemic Unemployment Assistance (PUA) goes till December 31, 2020. This expands eligible workers to include self-employed or independent contractors.
- Retroactive to January 27, 2020 – DOL will establish a process for applying retroactively.
- Qualifying reasons include quarantine orders, illness of self or others due to Covid-19, schools closed and child at home, unable to reach place of employment due to public health emergency quarantine orders, or as a direct result of Covid-19 public health emergency is unable to work (business closed for example).
- Does not include employee who can telework or is receiving sick leave or other paid leave benefits.
- Increase of \$600/week on top of what states provide (for up to 4 months).
- Funding to pay the first week of unemployment for states who chose to trigger UI immediately, rather than waiting one week for eligibility.
- Additional 13 weeks UI benefits through December 31, 2020.
- 100% funding of “short-time compensation” programs through December 31, 2020. This is for employers who reduce hours rather than lay them off. It will allow employees to receive prorated UI. Also, includes grants to states to start short time compensation programs.

Universities (Division A, Title III, Subtitle B)

- Payments to students in federal work-study will continue.
- Interest waived on federal student loans retroactive to March 13, 2020.
- Suspension of payment of federal student loans for 6 months (note: borrower will get credit as if the payments were made for purposed of loan forgiveness programs).

- Emergency financial aid available for some students; total amount = max Federal Pell Grant.
- Students who have to withdraw from school may have loans cancelled, with some waivers available allowing them to keep the amount of the loan already received.

Quick Read Online Resources:

These are not in any order – they are provided for context only. Check the dates (the Act was signed on 3/27/20).

<https://www.npr.org/2020/03/26/821457551/whats-inside-the-senate-s-2-trillion-coronavirus-aid-package>

<https://www.nytimes.com/2020/03/25/us/politics/coronavirus-senate-deal.html>

<https://www.adn.com/alaska-news/2020/03/27/coronavirus-rescue-bill-contains-more-than-1-billion-in-aid-for-alaska/>

<https://www.seattletimes.com/business/washington-set-to-deliver-2-2-trillion-virus-rescue-bill-2/>

<https://www.fidelity.com/learning-center/personal-finance/coronavirus-stimulus-package>

<https://www.natlawreview.com/article/cares-act-what-employers-need-to-know-about-historic-stimulus-package>

<https://www.nationalfisherman.com/national-international/stimulus-includes-300-million-for-fisheries-and-aquaculture/>

<https://www.businessinsider.com/what-stimulus-bill-means-small-business-during-coronavirus-2020-3>

<https://www.pyapc.com/insights/paycheck-protection-loan-program-fast-facts-covid-19/>